

Senate Bill No. 1205

CHAPTER 252

An act to amend Section 1749.1 of the Insurance Code, relating to insurance.

[Approved by Governor August 22, 2014. Filed with
Secretary of State August 22, 2014.]

LEGISLATIVE COUNSEL'S DIGEST

SB 1205, Monning. Insurance.

Existing law prohibits a person from soliciting, negotiating, or effecting contracts of insurance unless the person holds a valid license from the Insurance Commissioner to act in that capacity. Existing law requires all new applicants for license as one of specified insurance industry professionals, such as a property broker-agent, casualty broker-agent, or limited lines automobile insurance agent, to meet prelicensing education standards, as specified. Existing law requires the Insurance Commissioner to appoint a curriculum board consisting of representatives of insurance agents, brokers, insurance companies, consumer groups, and insurance adjusters, among other persons, to develop the prelicensing and continuing education curriculum. Existing law requires the curriculum board to develop or recommend courses of study covering all lines of insurance to be sold under each license, as specified.

This bill would require the curriculum board to additionally develop or recommend courses of study on commercial earthquake risk management, as specified.

The people of the State of California do enact as follows:

SECTION 1. Section 1749.1 of the Insurance Code is amended to read:

1749.1. (a) The commissioner shall appoint a curriculum board consisting of representatives of insurance agents, brokers, and life agents trade associations, representatives of insurance companies, consumer groups, bail agents, and insurance adjusters to develop the prelicensing and continuing education curriculum, including a list of preapproved courses of study, including courses of study for professional designations that would satisfy the requirements of this article, subdivision (a) of Section 1810.7, and Sections 14090.1 and 15059.1. The curriculum board shall develop or recommend courses of study covering all lines of insurance to be sold under each license, including, but not limited to, any special products such as long-term care insurance, Medi-gap policies, disability insurance products, and course study on ethics and pertinent sections of this code. The curriculum

board shall also develop or recommend courses of study on commercial earthquake risk management, including courses relating to understanding risk zones, options for insurance coverage to cover potential loss, mitigation strategies, and postevent recovery. The curriculum developed and the courses of study approved by the board shall be submitted to the commissioner for final approval.

(b) The curriculum board shall also develop standards for providers and instructors of preclicensing and continuing education courses, programs, and seminars, which standards shall be approved by the board and submitted to the commissioner for final approval. The curriculum board may approve standards for courses in business management practices that may consist of up to 25 percent of the agent or broker requirements for license renewal. A preclicensing or continuing education course shall not include sales training, motivational training, self-improvement training, or training offered by insurers or agents regarding new products or programs.

(c) For purposes of applying subdivision (b), courses in “business management practices” shall consist of the following subject matter:

(1) Accounting and financial management, including trust account maintenance, reconciliation and auditing, financial statements, business budgeting, income and expense ratios, banking and investment practices, and business perpetuation and planning.

(2) Information and database management, including recordkeeping, privacy law, and other legal requirements covering the use of information.

(3) Human resource management, including employee compliance supervision, recruitment, training, and licensing.

(4) Customer service management, consisting of methods to improve handling of consumer inquiries and complaints.

(5) Communication skills, consisting of methods to improve writing and verbal skills for communication with clients, employees, insurance carriers, claims departments, and regulators.

(d) Whenever the commissioner has reasonable cause to believe, and determines after public hearing, that any approved course, program of instruction, or seminar is being conducted so as to fail to meet the commissioner’s preclicensing or continuing education curriculum, or any provider or instructor for any course, program, or seminar has failed to comply with the commissioner’s standards, the commissioner may make and serve upon the provider or instructor of that course, program, or seminar an order or orders rescinding approval for that provider, course, program, or seminar, or imposing fines and penalties on that provider, or both. The amount of any fines and penalties shall not exceed the amounts set forth in Section 1748, and shall be based on the criteria for assessing penalties specified in that section. No credit towards meeting the requirements of this article shall be granted any applicant or licensee for completion of a course, program, or seminar after the effective date of any order rescinding approval for that course, program, or seminar. The commissioner shall serve notice of hearing required by this section upon the provider or instructor of the course, program, or seminar, stating the time and place therefor, and the

grounds upon which his or her order is made. The hearing shall occur not less than 30 nor more than 60 days after notice is served.

(e) The commissioner may impose monetary penalties for minor instances of noncompliance with the standards established pursuant to this article, such as late course roster submissions and late course presentation schedules. The monetary penalties shall not exceed the amounts of the fees established pursuant to Section 1751.1. The commissioner shall adopt regulations to establish the monetary penalties to be levied against providers for late filings and other minor instances of noncompliance with this article and Article 6.5 (commencing with Section 2186) of Subchapter 1 of Chapter 5 of Title 10 of the California Code of Regulations.